

SB0084



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB0084

Introduced 1/31/2007, by Sen. William R. Haine

SYNOPSIS AS INTRODUCED:

New Act

Creates the Consumer Choice of Benefits Health Insurance Plan Act. Provides that insurers may offer policies of accident and health insurance that do not provide state-mandated health benefits. Requires applications and policies to contain notice that the policy may not cover some or all of the state-mandated health benefits. Requires insurers to provide a disclosure statement at the time the policy is issued that must be signed by the applicant or subscriber. Requires the Secretary of Financial and Professional Regulation to adopt rules necessary to implement the Act. Requires insurers to maintain a description of its rating practices and renewal underwriting practices. Provides for the applicability of certain Illinois Insurance Code provisions.

LRB095 03667 KBJ 23694 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Consumer Choice of Benefits Health Insurance Plan Act.

6 Section 5. Purpose. The legislature recognizes the need for
7 individuals in this State to have the opportunity to choose
8 health insurance plans that are more affordable and flexible
9 than existing market policies offering accident and health
10 insurance coverage. The legislature, therefore, seeks to
11 increase the availability of health insurance coverage by
12 allowing insurers authorized to engage in the business of
13 insurance in this State to issue accident and health policies
14 that, in whole or in part, do not offer or provide
15 state-mandated health benefits.

16 Section 10. Definitions. For purposes of this Act:

17 "Consumer Choice of Benefits Health Insurance Plan" means
18 individual health insurance coverage offered to individuals in
19 the individual market, as those terms are defined in Section 5
20 of the Illinois Health Insurance Portability and
21 Accountability Act, that, in whole or in part, does not offer
22 and provide state-mandated health benefits, but that provides

1 creditable coverage as defined by Section 20 of the Illinois
2 Health Insurance Portability and Accountability Act.

3 "Department" means the Department of Financial and
4 Professional Regulation.

5 "Insurer" means an insurance company actively engaged in
6 issuing approved policies of accident and health insurance in
7 Illinois prior to the effective date of this Act.

8 "Secretary" means the Secretary of Financial and
9 Professional Regulation.

10 Section 15. State-mandated health benefits defined.

11 (a) For purposes of this Act, "state-mandated health
12 benefits" means coverage required under this Act or other laws
13 of this State to be provided in an individual major medical or
14 blanket policy for accident and health insurance or an
15 individual contract for a health-related condition that does
16 the following:

17 (1) includes coverage for specific health care
18 services or benefits; or

19 (2) includes coverage for a specific category of
20 licensed health care practitioner from whom an insured is
21 entitled to receive care.

22 (b) For purposes of this Act, "state-mandated health
23 benefits" does not include benefits that are mandated by
24 federal law or standard provisions or rights required under
25 this Act or other laws of this State to be provided in an

1 individual major medical or blanket policy for accident and
2 health insurance that are unrelated to specific health
3 illnesses, injuries, or conditions of an insured, including
4 provisions related to the following:

5 (1) preexisting conditions under Part 2005 of Chapter 1
6 of Title 50 of the Illinois Administrative Code;

7 (2) coverage for children, including newborn or
8 adopted children, under Sections 356b, 356c, and 356h of
9 the Illinois Insurance Code;

10 (3) timely payment of claims under Section 368a of the
11 Illinois Insurance Code;

12 (4) a consumer's right to an adequate and accessible
13 network under Section 370i of the Illinois Insurance Code;
14 and

15 (5) coverage requirements for individual policies
16 outlined in Section 2007.70 of Title 50 of the Illinois
17 Administrative Code.

18 These rights shall not be waived under a Consumer Choice of
19 Benefits Health Insurance Plan product.

20 Section 20. Consumer choice of benefits health insurance
21 plans authorized. An insurer may offer one or more Consumer
22 Choice of Benefits Health Insurance Plans.

23 Section 25. Notice to policyholder and enrollees.

24 (a) Each written application for enrollment in a Consumer

1 Choice of Benefits Health Insurance Plan must contain the
2 following language at the beginning of the application in bold
3 type:

4 "You have the option to choose this Consumer Choice of
5 Benefits Health Insurance Plan that, either in whole or in
6 part, does not provide state-mandated health insurance
7 benefits normally required in accident and health
8 insurance policies in Illinois. This Consumer Choice of
9 Benefits Health Insurance Plan may provide a more
10 affordable health insurance policy for you, although, at
11 the same time, it may provide you with fewer health
12 insurance benefits than those normally included as
13 state-mandated health insurance benefits in policies in
14 Illinois. If you choose this Consumer Choice of Benefits
15 Health Insurance Plan, please consult the insurance
16 company to determine which state-mandated health benefits
17 are not included in this policy."

18 (b) Each Consumer Choice of Benefits Health Insurance Plan
19 must contain the following language at or near the beginning of
20 the policy in bold type:

21 "This Consumer Choice of Benefits Health Insurance Plan,
22 either in whole or in part, does not provide state-mandated
23 health benefits normally required in accident and health
24 insurance policies in Illinois. This Consumer Choice of
25 Benefits Health Insurance Plan may provide a more
26 affordable health insurance policy for you, although, at

1 the same time, it may provide you with fewer health
2 benefits than those normally included as state-mandated
3 health benefits in policies in Illinois. Please consult
4 with the insurance company to discover which
5 state-mandated health benefits are not included in this
6 policy."

7 Section 30. Disclosure statement.

8 (a) When a Consumer Choice of Benefits Health Insurance
9 Plan policy is issued, an insurer providing a Consumer Choice
10 of Benefits Health Insurance Plan must provide an applicant or
11 subscriber with a written disclosure statement that does the
12 following:

13 (1) acknowledges that the Consumer Choice of Benefits
14 Health Insurance Plan being purchased does not provide some
15 or all state-mandated health benefits;

16 (2) lists those state-mandated health benefits not
17 included under the Consumer Choice of Benefits Health
18 Insurance Plan;

19 (3) provides a notice that purchasing a plan may limit
20 the policyholder's future coverage options in the event the
21 policyholder's health changes and needed benefits are not
22 available under the Consumer Choice of Benefits Health
23 Insurance Plan; and

24 (4) includes a section that allows for a signature by
25 the applicant or subscriber attesting to the fact that the

1 applicant has read and understood the disclosure statement
2 and attesting to the fact that the applicant or subscriber
3 has in fact been given a choice between the Consumer Choice
4 of Benefits Health Insurance Plan that he or she has chosen
5 and a health insurance plan that includes all
6 state-mandated health benefits.

7 (b) Each applicant and subscriber for initial coverage must
8 sign the disclosure statement provided by the insurer under
9 subsection (a) of this Section and return the statement to the
10 insurer. Under an individual policy or contract, "applicant"
11 means the individual purchasing the policy.

12 (c) An insurer must do the following:

13 (1) retain the signed disclosure statement in the
14 insurer's records; and

15 (2) provide the signed disclosure statement to the
16 Department upon request from the Secretary.

17 Section 35. Rules. The Secretary shall adopt rules as
18 necessary to implement this Act.

19 Section 40. Additional policies. An insurer that offers
20 one or more Consumer Choice of Benefits Health Insurance Plans
21 under this Act must also offer at least one accident and health
22 insurance policy that has been filed and approved with the
23 Department and includes coverage for all state-mandated health
24 benefits.

1 Section 45. Rating and underwriting records.

2 (a) An insurer offering a Consumer Choice of Benefits
3 Health Insurance Plan under this Act shall maintain at its
4 principal place of business a complete and detailed description
5 of its rating practices and renewal underwriting practices,
6 including information and documentation that demonstrates that
7 its rating methods and practices are based upon commonly
8 accepted actuarial assumptions and are in accordance with sound
9 actuarial principles and that the rates for the Consumer Choice
10 of Benefits Health Insurance Plan reflect the difference in its
11 benefit package from a non-Consumer Choice of Benefits Health
12 Insurance Plan.

13 (b) Upon request, an insurer shall provide to the
14 Department an actuarial certification certifying that the
15 insurer is in compliance with this Act and that the rating
16 methods of the insurer are actuarially sound. Such
17 certification shall be in a form and manner and shall contain
18 such information as specified by the Secretary. A copy of the
19 certification shall be retained by the insurer at its principal
20 place of business for a period of 3 years from the date of
21 certification. This shall include any work papers prepared in
22 support of the actuarial certification.

23 (c) Nothing in this Section shall be construed as granting
24 the Secretary any power or authority to determine, fix,
25 prescribe, or promulgate the rates to be charged for any

1 individual or group accident and health insurance policy or
2 policies issued under this Act.

3 Section 50. Applicability of Illinois Insurance Code
4 provisions. All policies of accident and health insurance
5 issued under this Act shall be subject to the provisions of
6 Section 356c, subsection (a) of Sections 356g, 356n, 370, 370a,
7 370e, and 370o of the Illinois Insurance Code.